



**State of Utah**  
**Department of**  
**Natural Resources**

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*Executive Director*

**Division of**  
**Oil, Gas & Mining**

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*Division Director*

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*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

August 11, 2006

Erwin Sass, General Manager  
Canyon Fuel Company, LLC  
P. O. Box 1029  
Wellington, Utah 84542

Subject: Conditional Approval of Degas Wells G-13 thru G-17, Task No. 2580,  
Canyon Fuel Company, LLC., Dugout Canyon Mine, C0070039

Dear Mr. Sass:

The above referenced amendment is conditionally approved effective August 11, 2006. **You may proceed with your drilling activities.** Please submit five clean copies to the Division prepared for incorporation into the approved permit application by August 28, 2006. Upon receipt of those copies, one will be stamped and incorporated and returned to you for insertion into the stand-alone degasification well document.

The permitting of degasification wells G-13 through G-17 involved two submittals. Task ID #2456, was the initial application, and was received on March 17, 2006. This submittal contained deficiencies.

SITLA notified the Division on May 15, 2006, that it consents to the degasification drill holes proposed (G-13, G-14, and G-17) which will intercept the Gilson seam mine workings in the SITLA Dugout coal tract ML 48435, provided that the Permittee meet three stipulations, which are as follows:

- 1) The Permittee must provide a surveyed location to the BLM for each degasification drill hole.
- 2) The plugging requirements for each degasification drill hole are no less stringent than BLM plugging requirements for such drill holes. The Permittee has addressed this by committing to the plugging requirements established by 43 CFR 3484.1, (3), (See Chapter 5, Attachment 5-2 of the Task ID #2456 application).
- 3) The Permittee must have the consent of the surface landowner or the surface management agency.

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Holes G-15 and G-16 will intercept the Gilson coal seam in Federal coal lease U-07064-027821. The Bureau of Land Management has granted its concurrence and approval of this drilling proposal as a modification to the R2P2.

Task ID #2580 was a submittal made on July 17, 2006 to address deficiencies identified in the Task ID #2456 document. All deficiencies identified by the Division staff have now been adequately addressed.

As wells G-13 through G-17 are the sixth permitting process related to degasification wells, the Division has determined that this submittal is a minor change to the approved mining and reclamation plan. Only minor changes to the Technical Analysis for the Dugout Canyon Mine are necessary to bring it up to date. An updated copy of the Technical Analysis will be provided on compact disc with the incorporated copy indicating that final approval has been given.

Please be reminded that Canyon Fuel Company, LLC must notify the Division when reclamation activities are to be initiated for each degasification well site. Should you have any questions, please call me at (801) 538-5286 or Peter Hess at (435) 613-1146 ext. 203.

Sincerely,

  
D. Wayne Hedberg  
Permit Supervisor

PHH/sd  
Enclosure  
cc: John Blake, SITLA  
Steve Rigby, BLM (PFO)  
Jim Kohler, BLM (SLO)  
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